

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Golden Township	County Oceana
Fiscal Year End March 31, 2006	Opinion Date August 10, 2006	Date Audit Report Submitted to State September 25, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☒ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Hendon & Slate, P.C.		Telephone Number 231-924-6890	
Street Address 711 West Main Street		City Fremont	State MI
Authorizing CPA Signature 		Printed Name Jodi DeKuiper, CPA	License Number 1101021180

**GOLDEN TOWNSHIP
OCEANA COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2006

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GOLDEN TOWNSHIP

Board Members

	<u>Position</u>
Don Walsworth	Supervisor
Connie Cargill	Treasurer
Laurie Kolosci	Clerk
Carl Fuehring	Trustee
Carl Wiegand	Trustee



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



Township Board
Golden Township
Oceana County
Mears, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Township, Michigan as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 22 through 23, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Township, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Hendon & Slate

Hendon & Slate, P.C.
Certified Public Accountants
August 10, 2006

GOLDEN TOWNSHIP

Management's Discussion and Analysis (MD&A) For the Year Ended March 31, 2006

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 1% from a year ago - increasing from \$740,650 to \$748,274. The dollar amount of this increase is comparable to prior years and due mainly to additional investment in capital assets. In a condensed format, the table below shows key financial information.

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Current Assets	\$ 594,876	\$ 579,414
Noncurrent Assets	<u>173,282</u>	<u>182,115</u>
Total Assets	<u>\$ 768,158</u>	<u>\$ 761,529</u>
Long-Term Debt Outstanding	\$ -	\$ -
Other Liabilities	<u>19,884</u>	<u>20,879</u>
Total Liabilities	<u>\$ 19,884</u>	<u>\$ 20,879</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 173,282	\$ 182,115
Restricted	22,449	20,759
Unrestricted	<u>552,543</u>	<u>537,776</u>
Total Net Assets	<u>\$ 748,274</u>	<u>\$ 740,650</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operating, increased by \$14,767 for the governmental activities. This represents an increase of approximately 2.7%.

Management's Discussion and Analysis (Continued)

	Activities	
	<u>2006</u>	<u>2005</u>
Program Revenues		
Charges for Services	\$ 16,165	\$ 13,649
General Revenues		
Property Taxes	388,660	387,846
State Sources	134,772	119,487
Investment Earnings	10,169	5,630
Miscellaneous	<u>4,306</u>	<u>6,526</u>
Total Revenues	\$ 554,072	\$ 533,138
Program Expenses		
General Government	179,854	171,850
Public Safety	73,558	89,293
Public Works	237,268	260,472
Community/Economic Development	25,265	-
Recreation and Culture	23,688	20,532
Capital Outlay	<u>9,175</u>	<u>-</u>
Total Expenses	<u>548,808</u>	<u>542,147</u>
Change in Net Assets	<u>\$ 5,264</u>	<u>\$ (9,009)</u>

The Township's total net assets continue to remain healthy. The total revenues and expenses both increased slightly. As a result, net assets grew by \$5,264, \$14,273 more than last year.

Governmental Activities

The Township's total governmental revenues increased by \$20,934. The following revenues saw the largest increases: State Sources increase by \$15,285 or 12.79% and interest increased by \$4,539 or 80.62%.

Expenses increased by \$6,661 over the prior year. This increase was partially due to an increase in road patrol costs, fire contract, assessor contract and clerical help. Also, although capital outlay decreased, the amount of capital outlay not capitalized increased, resulting in the expenses increasing compared with the prior year. Some of these increases were off-set by decreases in professional services and election salaries.

Business-Type Activities

The Township had no business type activities.

The Township's Fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2006 include the General Fund and Road Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Amendments were made for increases in supervisor-professional services, treasurer-clerical, transfers out, and fringe benefits and decreases in fire-services and road patrol. However, the Board still had over-expenditures on several activities as reported in the notes to the financial statements.

Capital Asset and Debt Administration

At the end of 2006, the Township had \$173,282 invested in a broad range of capital assets, including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the township's financial statements because of Michigan law, which makes these roads property of the Oceana County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2007 calls for an increase in property taxes including the administrative fees collected on those taxes. This increase is due to the property value increases (the lesser of inflation or 5%). The Township also projects that all other revenue will remain about the same. General Fund expenditures were budgeted for 6% increase from the previous final amended budget, the majority of which is for increased wages and contracts.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

GOLDEN TOWNSHIP

Government Wide Statement on Net Assets March 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 561,160
Taxes Receivable	30,738
Accounts Receivable-Fiduciary Funds	662
Prepaid Insurance	2,316
Property and Equipment	317,242
Accumulated Depreciation	<u>(143,960)</u>
Total Assets	768,158
Liabilities	
Accounts Payable	18,009
Withheld and Accrued Payroll Taxes	<u>1,875</u>
Total Liabilities	<u>19,884</u>
Net Assets	
Invested in Capital Assets	
Net of Related Debt	173,282
Restricted for Perpetual Care	22,449
Unrestricted	<u>552,543</u>
Total Net Assets	<u><u>\$ 748,274</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Government Wide Statement of Activities For the Fiscal Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
General Government	\$ 179,854	\$ 16,165	\$ (163,689)
Public Safety	73,558	-	(73,558)
Public Works	237,268	-	(237,268)
Community/Economic Development	25,265	-	(25,265)
Recreation and Culture	23,688	-	(23,688)
Capital Outlay	9,175	-	(9,175)
Total Primary Government	<u>\$ 548,808</u>	<u>\$ 16,165</u>	(532,643)

General Revenues

Property Taxes - Levied for General Purpose	172,188
Property Taxes - Levied for Public Works	216,472
State Sources	134,772
Interest	10,169
Miscellaneous	4,306
Total General Revenues	<u>537,907</u>

Change in Net Assets	5,264
Net Assets - Beginning	<u>743,010</u>
Net Assets - Ending	<u>\$ 748,274</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Governmental Fund Balance Sheet March 31, 2006

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and Investments	\$ 328,464	\$ 210,872	\$ 21,824	\$ 561,160
Taxes Receivable	13,303	17,435	-	30,738
Due from Other Funds	662	-	625	1,287
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 342,429</u>	<u>\$ 228,307</u>	<u>\$ 22,449</u>	<u>\$ 593,185</u>
Liabilities				
Accounts Payable	\$ 18,009	\$ -	\$ -	18,009
Withheld and Accrued				
Payroll Taxes	1,875	-	-	1,875
Due to Other Funds	625	-	-	625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	20,509	-	-	20,509
Fund Balances				
Unrestricted	321,920	228,307	-	550,227
Restricted	-	-	22,449	22,449
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>321,920</u>	<u>228,307</u>	<u>22,449</u>	<u>572,676</u>
Total Liabilities and Fund Balances	<u>\$ 342,429</u>	<u>\$ 228,307</u>	<u>\$ 22,449</u>	<u>\$ 593,185</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended March 31, 2006

Total Governmental Fund Balances	\$	572,676
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period.		2,316
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	317,242
Governmental Accumulated Depreciation	<u>(143,960)</u>

Total Net Assets - Governmental Activities:	\$	<u><u>748,274</u></u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance For the Fiscal Year Ended March 31, 2006

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 172,188	\$ 216,472	\$ -	\$ 388,660
State Sources	131,172	3,600	-	134,772
Charges for Services	16,165	-	-	16,165
Interest	4,883	4,715	571	10,169
Reimbursements	1,507	-	-	1,507
Other	1,624	56	1,119	2,799
	<u>327,539</u>	<u>224,843</u>	<u>1,690</u>	<u>554,072</u>
Total Revenues				
Expenditures				
General Government	\$ 164,518	\$ -	\$ -	\$ 164,518
Public Safety	73,558	-	-	73,558
Public Works	8,332	228,936	-	237,268
Community and Economic Dev.	25,265	-	-	25,265
Recreation and Culture	23,688	-	-	23,688
Capital Outlay	15,723	-	-	15,723
	<u>311,084</u>	<u>228,936</u>	<u>-</u>	<u>540,020</u>
Total Expenditures				
Excess Revenue Over (Under) Expenditures	16,455	(4,093)	1,690	14,052
Other Financing Sources (Uses)				
Operating Transfers In (Out)	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	(8,545)	20,907	1,690	14,052
Fund Balance - Beginning	<u>330,465</u>	<u>207,400</u>	<u>20,759</u>	<u>558,624</u>
Fund Balance - Ending	<u><u>\$ 321,920</u></u>	<u><u>\$ 228,307</u></u>	<u><u>\$ 22,449</u></u>	<u><u>\$ 572,676</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended March 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	14,052
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Amounts reported for governmental activities in the statement of activities are different because:

Prepaid Insurance reflects amounts that will be used in a future period.

Current Year Prepaid Insurance	(2,316)	
Prior Year Prepaid Insurance	<u>2,361</u>	45

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense

Capital outlay reported in governmental fund statements	15,723	
Capital outlay reported as expenses in statement of activities	(9,175)	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) in assets	-	
Depreciation expense reported in the statement of activities	<u>(15,381)</u>	<u>(8,833)</u>

Changes in Net Assets - Governmental Activities	\$	<u><u>5,264</u></u>
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The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Statement of Net Assets - Fiduciary Funds March 31, 2006

	<u>Tax Fund</u>	<u>Trust and Agency Fund</u>
Assets		
Cash and Investments	\$ 1,418	\$ 4,307
Liabilities		
Due to Other Funds	662	-
Due to Others	<u>756</u>	<u>4,307</u>
Total Liabilities	<u>1,418</u>	<u>4,307</u>
Net Assets		
Unreserved	<u>\$ -</u>	<u>\$ -</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

GOLDEN TOWNSHIP

Notes to the Financial Statements For the Year Ended March 31, 2006

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Golden Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Golden Township.

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Joint Venture

Hart Area Fire Administrative Board

The Township is a member of Hart Area Fire Administrative Board, which was organized to provide fire protection for its member units. It is a joint venture of four governmental units governed by a board composed of representatives from each of the respective member units. The joint venture is financed through contributions from each participating unit based upon that unit's state taxable value of property. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2005 audit report of the Hart Area Fire Administrative Board follows:

Notes to the Financial Statements (continued)

Total Assets	\$ 174,969
Total Liabilities	<u>14,781</u>
Net Assets	<u>\$ 160,188</u>
Operating Revenues	\$ 146,082
Operating Expenses	<u>(93,922)</u>
Net Profit	<u>\$ 52,160</u>

Complete financial statements for Hart Area Fire Administrative Board may be obtained from Hart Area Fire Administrative Board, PO Box 125, Hart, MI 49420.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. The final payment of \$20,306 was received in March, 2006, thus no amount was recorded as receivable.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2005 delinquent taxes of \$30,737.93 were received in June, 2006. Although this exceeds the 60 day rule, it is still soon enough after year end to be used to pay accounts payable as of March 31, 2006.

The 2005 taxable valuation of the Township totaled \$120,246,197 on which ad valorem taxes levied consisted of 1.0513 mills for general operating and 1.8183 mills for roads raising \$136,388 for operating and \$216,233 for roads. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Notes to the Financial Statements (continued)

The Road fund accounts for the resources of property tax revenue and charges for services that are restricted for new road construction purposes.

In addition to the major funds, the Township reports the following fund types:

The Perpetual Care Fund is a permanent fund and accounts for perpetual care of the cemetery. All financial decisions concerning the Perpetual Care Fund are approved by the Township Board.

Fiduciary Funds are used to account for assets held by a governmental unit as the trustee or agent for others. The Current Tax Collection Fund and the Trust and Agency Fund are the only fiduciary funds of the Township.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

E. Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Restricted Assets - Cash in the Perpetual Care Fund is restricted. The corpus can not be spent, however income earned from the restricted cash may be used to maintain the cemetery.

Capital Assets - Capital assets, which include property, buildings and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend assets lives is not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against operations in the government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets.

Property, buildings and equipment is depreciated using the straight-line method over the following useful lives:

Land	N/A
Land Improvements	40 years
Buildings and Improvements	10 to 40 years
Equipment	7 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Notes to the Financial Statements (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>
General Fund - Township Board	\$ 34,090	\$ 34,453
General Fund - Supervisor	47,528	50,194
General Fund - Cemetery	19,790	19,900
General Fund - Fire Department	49,682	66,529
General Fund - Parks	8,522	8,688

NOTE C CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated four banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with the statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority except for an investment with AIG Annuity Insurance Company of Texas.

The Township's cash and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	
Cash and Investments	\$ 561,160	\$ 5,725	\$ 566,885	
A summary by type are:			<u>Carrying Value</u>	<u>Market Value</u>
Cash (Deposits)				
Cash in Demand Accounts			\$ 252,877	\$ 340,840
Cash in Time Deposit Accounts			301,294	301,001
Total Cash			554,171	641,841
Annuity			12,712	12,712
Total Cash and Investments			<u>\$ 566,883</u>	<u>\$ 654,553</u>

Notes to the Financial Statements (continued)

The bank balance of the Township's deposits is \$554,171, of which \$221,824 is covered by federal depository insurance and \$332,347 is uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the government's name.

At year-end, the Township's investments consisted solely of an annuity held with AIG Annuity Insurance Company of Texas. The annuity is not categorized because it is not evidenced by securities that exist in physical or book entry form. The fair market and carrying value of the annuity as of March 31, 2006 is \$12,712.

Depositories actively used by the Township during the year are detailed as follows:

1. Huntington Bank
2. Fifth Third Bank
3. West Shore Bank

NOTE D RECEIVABLES

Taxes receivable are for delinquent real property taxes purchased by the County of Oceana. The 2005 delinquent taxes were collected in June, 2006, which exceeds the general rule (60 days), however is soon enough to pay liabilities of the current period. Receivables as of year-end for the Township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General Fund	Road Fund	Perpetual Care Fund	Total
Taxes Receivable	\$ 13,303	\$ 17,435	\$ -	\$ 30,738
Less: Allowance for Uncollectibles	-	-	-	-
Net Receivables	<u>\$ 13,303</u>	<u>\$ 17,435</u>	<u>\$ -</u>	<u>\$ 30,738</u>

No allowances have been made for non-collectable accounts because most delinquent receivables can be added to the tax roll if they remain unpaid and become a lien against the property.

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being depreciated				
Land	\$ 47,225	\$ -	\$ -	\$ 47,225
Capital Assets Being Depreciated				
Land Improvements	35,000	-	-	35,000
Buildings and Improvements	169,871	-	-	169,871
Equipment	<u>58,598</u>	<u>6,548</u>	<u>-</u>	<u>65,146</u>
Subtotal	263,469	6,548	-	270,017
Less Accumulated Depreciation for				
Land Improvements	1,314	875	-	2,189
Buildings and Improvements	101,972	5,302	-	107,274
Equipment	<u>25,293</u>	<u>9,204</u>	<u>-</u>	<u>34,497</u>
Subtotal	<u>128,579</u>	<u>15,381</u>	<u>-</u>	<u>143,960</u>
Net Capital Assets being depreciated	<u>134,890</u>	<u>(8,833)</u>	<u>-</u>	<u>126,057</u>
Total Governmental Activities Capital Capital Assets - Net of Depreciation	<u>\$ 182,115</u>	<u>\$ (8,833)</u>	<u>\$ -</u>	<u>\$ 173,282</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	<u>\$ 15,381</u>

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund (Due From)</u>		<u>Payable Fund (Due To)</u>	
General Fund	\$ 662	General Fund	\$ 625
Perpetual Care Fund	625	Tax Account	662
	<u>\$ 1,287</u>		<u>\$ 1,287</u>
Interfund Transfers			
<u>Transfers In</u>		<u>Transfers Out</u>	
Road Fund	<u>\$ 25,000</u>	General Fund	<u>\$ 25,000</u>

Notes to the Financial Statements (continued)

NOTE G PAYABLES

Payables at March 31, 2006, were as follows:

Hart Area Fire Board	\$ 16,848
Miscellaneous	<u>1,161</u>
Total Payables	<u>\$ 18,009</u>

NOTE H RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE I EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

The Township provides pension benefits to all of its full time employees through a defined contribution plan administered by Travelers Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The Township's current year pension cost was \$4,198. The Township paid \$7,868 during the year, including participant fees. \$3,669 was paid on behalf of the employees in the current year. Covered payroll for the current year is \$68,279; and total payroll of the Township is \$75,357.

GOLDEN TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2006

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 330,465	\$ 330,465
Resources (Inflows)				
Property Taxes	172,650	172,650	172,188	(462)
State Grants	129,000	129,000	131,172	2,172
Charges for Services	20,200	20,200	16,165	(4,035)
Interest	3,000	3,000	4,883	1,883
Reimbursements	-	-	1,507	1,507
Other	<u>600</u>	<u>600</u>	<u>1,624</u>	<u>1,024</u>
Amounts Available for Appropriation	325,450	325,450	658,004	332,554
Charges to Appropriations (Outflows)				
General Government	172,580	183,026	180,241	2,785
Public Safety	93,820	56,712	73,558	(16,846)
Public Works	5,000	9,370	8,332	1,038
Community and Economic Development	-	27,820	25,265	2,555
Recreation and Culture	54,050	23,522	23,688	(166)
Operating Transfers Out	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Charges to Appropriation	<u>325,450</u>	<u>325,450</u>	<u>336,084</u>	<u>(10,634)</u>
Budgetary Fund Balance-Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 321,920</u></u>	<u><u>\$ 321,920</u></u>

GOLDEN TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the Road Fund For the Year Ended March 31, 2006

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 207,400	\$ 207,400
Resources (Inflows)				
Property Taxes	222,400	222,400	216,472	(5,928)
State Grants	3,200	3,200	3,600	400
Interest	1,500	1,500	4,715	3,215
Transfer In and Other	<u>25,000</u>	<u>25,000</u>	<u>25,056</u>	<u>56</u>
Amounts Available for Appropriation	252,100	252,100	457,243	205,143
Charges to Appropriations (Outflows)				
Public Works	<u>252,100</u>	<u>252,100</u>	<u>228,936</u>	<u>23,164</u>
Total Charges to Appropriation	<u>252,100</u>	<u>252,100</u>	<u>228,936</u>	<u>23,164</u>
Budgetary Fund Balance-Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 228,307</u></u>	<u><u>\$ 228,307</u></u>

GOLDEN TOWNSHIP

Combining Balance Sheet Non-Major Governmental Funds - Perpetual Care Fund March 31, 2006

	<u>Perpetual Care</u>
Assets	
Cash and Investments	\$ 21,824
Due from Other Funds	<u>625</u>
Total Assets	<u><u>\$ 22,449</u></u>
 Liabilities and Fund Equity	
 Liabilities	
Total Liabilities	\$ -
 Fund Equity	
Fund Balances - Reserved	<u>22,449</u>
 Total Liabilities and Fund Equity	<u><u>\$ 22,449</u></u>

GOLDEN TOWNSHIP

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - Non-Major Governmental Funds - Perpetual Care Fund
For the Fiscal Year Ended March 31, 2006

	<u>Perpetual Care</u>
Revenues	
Interest	\$ 571
Other	<u>1,119</u>
Total Revenues	1,690
Expenditures	
General Government	<u>-</u>
Total Expenditures	<u>-</u>
Excess Revenue Over (Under) Expenditures	1,690
 Fund Balance - Beginning	 <u>20,759</u>
Fund Balance - Ending	<u><u>\$ 22,449</u></u>

GOLDEN TOWNSHIP

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2006

	Budget	Actual	Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 172,650	\$ 172,188	\$ (462)
State Grants	129,000	131,172	2,172
Charges for Services			
Cemetery Charges	4,000	4,881	881
Zoning Charges	16,200	11,284	(4,916)
Interest	3,000	4,883	1,883
Reimbursement	-	1,507	1,507
Other	600	1,624	1,024
Total Revenues	<u>325,450</u>	<u>327,539</u>	<u>2,089</u>
Expenditures			
General Government			
Township Board			
Salaries and Wages		3,500	
Office Supplies		6,848	
Printing & Publishing		1,739	
Professional Services		15,251	
Membership & Subscriptions		1,089	
Service Contracts		87	
Mileage Reimbursement		373	
Insurance & Bonds		5,558	
Miscellaneous		8	
	34,090	<u>34,453</u>	(363)
Supervisor			
Salaries and Wages		9,880	
Assessor		31,683	
Printing & Publishing		1,721	
Professional Services		4,460	
Supervisor Mileage		600	
Capital Outlay		1,850	
	47,528	<u>50,194</u>	(2,666)
Elections			
Salaries and Wages		830	
Supplies		189	
Printing & Publishing		181	
Professional Services		521	
	\$ 1,964	<u>\$ 1,721</u>	\$ 243

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Clerk			
Salaries and Wages		\$ 13,520	
Clerical Help		405	
Mileage		<u>1,226</u>	
	\$ 15,160	15,151	\$ 9
Board of Review			
Salaries and Wages		775	
Printing & Publishing		258	
Professional Services		<u>80</u>	
	1,900	1,113	787
Treasurer			
Salaries and Wages		17,864	
Clerical Help		7,133	
Printing & Publishing		6,870	
Professional Services		752	
Mileage		<u>1,100</u>	
	33,719	33,719	-
Township Hall and Grounds			
Operating Supplies		2,331	
Repairs and Maintenance		273	
Professional Services		3,905	
Service Contracts		266	
Public Utilities		4,101	
Capital Outlay		<u>4,909</u>	
	17,000	15,785	1,215
Cemetery			
Salaries and Wages		5,915	
Operating Supplies		2,239	
Professional Services		2,698	
Public Utilities		84	
Capital Outlay		<u>8,964</u>	
	<u>19,790</u>	<u>19,900</u>	<u>(110)</u>
Total General Government	171,151	172,036	(885)
Public Safety			
Police Patrols - Other Governments	7,030	7,029	1
Fire Department - Service Contract	<u>49,682</u>	<u>66,529</u>	<u>(16,847)</u>
Total Public Safety	\$ 56,712	\$ 73,558	\$ (16,846)

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Public Works

Street Lights - Public Utilities	\$ 5,000	\$ 3,963	\$ 1,037
Drains - Other Governments	4,370	4,369	1
Public Utilities	9,370	8,332	1,038

Community/Economic Development

Zoning			
Salaries		13,520	
Salaries-Part Time		550	
Per Diem-PC & ZBA		4,205	
Printing & Publishing		952	
Professional Services		5,401	
Mileage		637	
Total Community/Economic Development	27,820	25,265	2,555

Recreation and Cultural

Parks			
Salaries & Wages		1,500	
Operating Supplies		38	
Professional Services		7,025	
Public Utilities		125	
	8,522	8,688	(166)
Library			
Professional Services	15,000	15,000	-
Total Recreation and Cultural	23,522	23,688	(166)

Other

Payroll Taxes and Fringe Benefits	11,875	8,205	3,670
Total Expenditures	300,450	311,084	(10,634)
Excess Revenues Over (Under) Expenditures	25,000	16,455	(8,545)

Other Financing Sources (Uses)

Operating Transfers Out	(25,000)	(25,000)	-
Excess Revenues and Sources Over (Under) Expenditures and Uses	-	(8,545)	(8,545)
Fund Balance - Beginning	-	330,465	330,465
Fund Balance - Ending	\$ -	\$ 321,920	\$ 321,920



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



September 13, 2006

Township Board
Golden Township
Oceana County, Michigan

Dear Board Members:

In connection with our audit of the financial statements of Golden Township for the fiscal year ended March 31, 2006, we offer the following comments and recommendations:

PRIOR COMMENTS

Disbursements

Previously it was recommended to “deface” the invoices more completely to document payment. We noted that the previous recommendation was adopted by the Township.

Illegal Investments

As noted in the prior year, the Township currently holds an illegal investment according to the State of Michigan and the Township investment policy. As previously recommended, the Township should sell the illegal investment and properly deposit the funds in a legal investment. The Treasurer indicated that the investment matures within the next year and intends to convert the investment at that time.

Budgets

In the prior year recommendations, the Township was requested to amend the general fund quarterly and at the last meeting in March as well as attach the budget to the minutes. We noted that the budget was reviewed during the year and the appropriate budgets were provided to us during the audit. However, we noted that the approved and amended budgets did not include all required information as provided by the Budget Act. The Township should include a beginning and ending fund balance along with the revenues and expenditures. We also noted that the budget document does not include current and prior year information as recommended by the Budget Act. We recommend that the Township review the Budget Act for the State recommendations and requirements for the budget documents.

Grand Rapids

2025 East Beltline SE
Suite 208
Grand Rapids, MI 49546
Phone (616) 954-3995
Fax (616) 954-3990

Muskegon

4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231) 798-8409

Fremont

711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Whitehall

116 West Colby, Suite B
Century Building
Whitehall, MI 49461
Phone (231) 893-6772
Fax (231) 893-6773

Hart

1550 North Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

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Debit Cards

Debit cards are no longer held by the Township, however, please note the current finding regarding the use of credit cards by the Township.

Computer Backups

It was highly recommended that the Township develop a systematic back-up procedure for all Township computers. A back-up procedure has been implemented by the Township as of August 10, 2006.

CURRENT YEAR COMMENTS

Proper Documentation of Transactions

One of the easiest ways for the Township to protect itself from fraud is to require and maintain proper documentation on all transactions in order to determine if they were proper expenditures of the Township. During the audit we noted one invoice was not attached to the check copies (Check #11616, dated April 14, 2006 for \$830 issued for the purchase of a trailer for the mower). In the future, we recommend that invoices be attached to all check copies to provide documentation of the expenditure.

Uniform Chart of Accounts

In 2002, the State of Michigan up-dated the prescribed uniform chart of accounts that is to be used by all units of government within the state. We found that the Township has not properly up-dated the chart of accounts. For example, the Township is using activity code #410 for zoning which has been changed to #722 and #191 for elections which has been changed to #262. We also found that the assessor contract was included under the supervisor budget (#171) rather than separately reported under activity #257. We also noted that the assessor contract was coded under expense code #703, which is reserved for personnel expenses, rather than #800 to #831, reserved for contracted services. We recommend that the Township review all current account numbers, compare them to the latest Uniform Chart of Accounts, and make revisions as necessary.

Donations/Contributions

While reviewing the Township Board meeting minutes following the end of the fiscal year, we noted that the Board approved financially supporting the D.A.R.E. program as well as a new youth football program. Although these are both worthy causes, donations/contributions that are not specifically authorized by state statute cannot be granted, regardless of the worthiness of the cause. It was unclear whether the new youth football program would be supporting a community organization or if the program was to be provided through Oceana County, as in the past. If the program is through the Oceana County recreation program, it is likely a legal expenditure. We recommend that the Township review the Michigan Township Association's article on "Determining Lawful Expenditures" (available on the Association's website). As neither of these items were in the current year, our opinion on the Auditing Procedures Report reflects that the Township did not have any illegal expenditures, however, these issues should be reviewed prior to the end of the Township's next fiscal year.

Credit Card Policy

As noted previously, the prior year recommendations included a recommendation to destroy the debit-cards held by the Township and replace them with credit cards. The Township has followed this recommendation, however, the State requires that townships with credit cards adopt a credit card policy. Therefore, we recommend that the Township adopt a credit card policy as soon as possible. The Michigan Township Association website has a sample credit card policy which the Township may want to use as a reference.

Tax Disbursements

The Township treasurer has not made tax disbursements within the State guidance for remittances. The money collected by the 1st and 15th of each month must be remitted by the 10th business day following the 1st and 15th. During the summer tax collection, the disbursements were only done after the 1st of each month. We recommend that the Treasurer begin properly paying the disbursements in accordance with the State guidance.

We appreciate the courtesy extended to us during the course of the audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions regarding the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Jodi DeKuiper, CPA". The signature is written in a cursive, flowing style.

Jodi DeKuiper, CPA
Hendon & Slate, P.C.